

Snap | 8 January 2019

Romania: Confidence bounces back in December

The Economic Sentiment Index (ESI) improved across the board, with the exception of manufacturing



Source: NIS, Bloomberg, ING

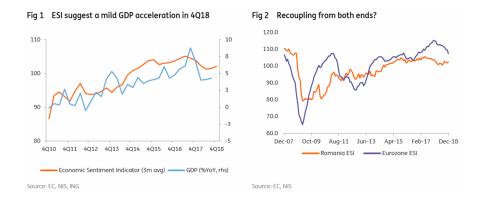
Consumers: carpe diem

The main driver behind the better economic outlook was consumer sentiment supporting domestic demand. Brighter financial and savings prospects outweighed consumer concerns about the future economic situation and job prospects. The holiday season brought joy to retailers which saw a sharp increase in business activity, with a further moderate improvement seen ahead. Santa was generous with services as well, reflected in stronger confidence in past business and better expected demand. Constructors posted a mild improvement in sentiment as well.

External demand: orders shrink

Manufacturing sentiment weakened in December as order books shrank, mainly driven by export orders, while inventories posted only a mild decline. Hence, we expect a recoupling soon.

Snap | 8 January 2019 1



Time to be outright negative?

The outlook for external demand doesn't look supportive at all with Germany, Romania's main trading partner, at risk of a technical recession. On top of that, fiscal changes at the end of the previous year for many important sectors in the economy are leading to a higher tax burden as well as higher labour and financing costs, which could have negative spill-over effects on private sector investment and job creation. All of this adds to uncertainty during this election year.

Snap | 8 January 2019 2